

| Agency Proposed Budget |                               |                                      |                                 |                                      |                                      |                                 |                                      |                                       |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------------|
| Budget Item            | Base<br>Budget<br>Fiscal 2002 | PL Base<br>Adjustment<br>Fiscal 2004 | New<br>Proposals<br>Fiscal 2004 | Total<br>Exec. Budget<br>Fiscal 2004 | PL Base<br>Adjustment<br>Fiscal 2005 | New<br>Proposals<br>Fiscal 2005 | Total<br>Exec. Budget<br>Fiscal 2005 | Total<br>Exec. Budget<br>Fiscal 04-05 |
| FTE                    | 139.49                        | 5.00                                 | 1.00                            | 145.49                               | 5.00                                 | 1.00                            | 145.49                               | 145.49                                |
| Personal Services      | 5,321,854                     | 553,700                              | 33,817                          | 5,909,371                            | 553,956                              | 33,745                          | 5,909,555                            | 11,818,926                            |
| Operating Expenses     | 2,069,914                     | 903,530                              | 15,060                          | 2,988,504                            | 911,179                              | 15,060                          | 2,996,153                            | 5,984,657                             |
| Equipment              | 277,408                       | 33,573                               | 0                               | 310,981                              | (43,027)                             | 0                               | 234,381                              | 545,362                               |
| Benefits & Claims      | 0                             | 0                                    | 0                               | 0                                    | 0                                    | 0                               | 0                                    | 0                                     |
| <b>Total Costs</b>     | <b>\$7,669,176</b>            | <b>\$1,490,803</b>                   | <b>\$48,877</b>                 | <b>\$9,208,856</b>                   | <b>\$1,422,108</b>                   | <b>\$48,805</b>                 | <b>\$9,140,089</b>                   | <b>\$18,348,945</b>                   |
| General Fund           | 521,689                       | (14,522)                             | 20,938                          | 528,105                              | (10,973)                             | 20,902                          | 531,618                              | 1,059,723                             |
| State/Other Special    | 6,622,614                     | 482,251                              | 0                               | 7,104,865                            | 406,458                              | 0                               | 7,029,072                            | 14,133,937                            |
| Federal Special        | 524,873                       | 1,023,074                            | 27,939                          | 1,575,886                            | 1,026,623                            | 27,903                          | 1,579,399                            | 3,155,285                             |
| <b>Total Funds</b>     | <b>\$7,669,176</b>            | <b>\$1,490,803</b>                   | <b>\$48,877</b>                 | <b>\$9,208,856</b>                   | <b>\$1,422,108</b>                   | <b>\$48,805</b>                 | <b>\$9,140,089</b>                   | <b>\$18,348,945</b>                   |

### Agency Description

The Department of Livestock is responsible for controlling and eradicating animal diseases, preventing the transmission of animal diseases to humans, protecting the livestock industry from theft and predatory animals, and regulating the milk industry relative to producer pricing. The department, which is provided for in 2-15-3101, MCA, consists of the Board of Livestock and its appointed executive officer; the Livestock Crimestoppers' Commission; and the Beef Research and Marketing Committee. The department is organized into five divisions: Animal Health, Centralized Services, Brand-Enforcement, Diagnostic Laboratory, and Meat, Milk, and Egg Inspection. The 57th Legislature added the Board of Horse Racing and its staff to the Department of Livestock. The Board of Livestock, which is the statutory head of the Department of Livestock, consists of seven members appointed by the Governor and confirmed by the Senate to serve six-year terms.

### Reorganization

During the 2003 biennium, the Board of Livestock authorized transferring the Milk Control Bureau and the Predator Control Program to the Centralized Services Division (program 01). This reorganization transferred these functions without affecting services to the livestock industry.

### Agency Discussion

| Department of Livestock<br>Major Budget Highlights  |  |
|---|--|
| <ul style="list-style-type: none"> <li>○ The executive removes all general fund support from the Centralized Services Division</li> <li>○ The executive proposes to raise fees charged by the diagnostic laboratory to accommodate reduced general fund within the division and make the laboratory more self-supporting</li> <li>○ The executive continues the department's participation in the state-federal cooperative agreement for Brucellosis Management and the Greater Yellowstone Interagency Brucellosis Committee</li> <li>○ The executive increases general fund and federal special revenue in the Meat and Poultry Inspection Program to add 1.00 FTE meat inspector</li> </ul> |  |
| Major LFD Issues  |  |
| <ul style="list-style-type: none"> <li>○ None</li> </ul>  |  |

### Funding

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

| <b>Total Agency Funding<br/>2005 Biennium Executive Budget</b> |                     |                      |                     |                      |                |
|--|---------------------|----------------------|---------------------|----------------------|----------------|
| <u>Agency Program</u>  | <u>General Fund</u> | <u>State Spec.</u>   | <u>Fed Spec.</u>    | <u>Grand Total</u>   | <u>Total %</u> |
| Centralized Services Program                                   | \$ -                | \$ 4,095,208         | \$ 130,060          | \$ 4,225,268         | 23.0%          |
| Diagnostic Laboratory  | 199,050             | 2,682,631            | -                   | 2,881,681            | 15.7%          |
| Animal Health Division   | -                   | 1,334,949            | 2,100,000           | 3,434,949            | 18.7%          |
| Milk & Egg Program   | -                   | 447,103              | 64,550              | 511,653              | 2.8%           |
| Brands Enforcement Division                                    | -                   | 5,561,096            | -                   | 5,561,096            | 30.3%          |
| Meat/Poultry Inspection  | 860,673             | 12,950               | 860,675             | 1,734,298            | 9.5%           |
| <b>Grand Total</b>   | <b>\$ 1,059,723</b> | <b>\$ 14,133,937</b> | <b>\$ 3,155,285</b> | <b>\$ 18,348,945</b> | <b>100.0%</b>  |

| Biennium Budget Comparison |                               |                                 |                                      |                               |                                 |                                      |                                   |                                       |
|----------------------------|-------------------------------|---------------------------------|--------------------------------------|-------------------------------|---------------------------------|--------------------------------------|-----------------------------------|---------------------------------------|
| Budget Item                | Present<br>Law<br>Fiscal 2004 | New<br>Proposals<br>Fiscal 2004 | Total<br>Exec. Budget<br>Fiscal 2004 | Present<br>Law<br>Fiscal 2005 | New<br>Proposals<br>Fiscal 2005 | Total<br>Exec. Budget<br>Fiscal 2005 | Total<br>Biennium<br>Fiscal 02-03 | Total<br>Exec. Budget<br>Fiscal 04-05 |
| FTE                        | 144.49                        | 1.00                            | 145.49                               | 144.49                        | 1.00                            | 145.49                               | 139.49                            | 145.49                                |
| Personal Services          | 5,875,554                     | 33,817                          | 5,909,371                            | 5,875,810                     | 33,745                          | 5,909,555                            | 10,912,233                        | 11,818,926                            |
| Operating Expenses         | 2,973,444                     | 15,060                          | 2,988,504                            | 2,981,093                     | 15,060                          | 2,996,153                            | 4,376,406                         | 5,984,657                             |
| Equipment                  | 310,981                       | 0                               | 310,981                              | 234,381                       | 0                               | 234,381                              | 639,699                           | 545,362                               |
| Benefits & Claims          | 0                             | 0                               | 0                                    | 0                             | 0                               | 0                                    | 4,150                             | 0                                     |
| <b>Total Costs</b>         | <b>\$9,159,979</b>            | <b>\$48,877</b>                 | <b>\$9,208,856</b>                   | <b>\$9,091,284</b>            | <b>\$48,805</b>                 | <b>\$9,140,089</b>                   | <b>\$15,932,488</b>               | <b>\$18,348,945</b>                   |
| General Fund               | 507,167                       | 20,938                          | 528,105                              | 510,716                       | 20,902                          | 531,618                              | 1,150,748                         | 1,059,723                             |
| State/Other Special        | 7,104,865                     | 0                               | 7,104,865                            | 7,029,072                     | 0                               | 7,029,072                            | 13,698,443                        | 14,133,937                            |
| Federal Special            | 1,547,947                     | 27,939                          | 1,575,886                            | 1,551,496                     | 27,903                          | 1,579,399                            | 1,083,297                         | 3,155,285                             |
| <b>Total Funds</b>         | <b>\$9,159,979</b>            | <b>\$48,877</b>                 | <b>\$9,208,856</b>                   | <b>\$9,091,284</b>            | <b>\$48,805</b>                 | <b>\$9,140,089</b>                   | <b>\$15,932,488</b>               | <b>\$18,348,945</b>                   |

### New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

| New Proposals                    |             |                       |                  |                    |                 |                       |                 |                  |                    |                 |
|----------------------------------|-------------|-----------------------|------------------|--------------------|-----------------|-----------------------|-----------------|------------------|--------------------|-----------------|
| Program                          | FTE         | -----Fiscal 2004----- |                  |                    |                 | -----Fiscal 2005----- |                 |                  |                    |                 |
|                                  |             | General<br>Fund       | State<br>Special | Federal<br>Special | Total<br>Funds  | FTE                   | General<br>Fund | State<br>Special | Federal<br>Special | Total<br>Funds  |
| DP 5 - Additional Meat Inspector |             |                       |                  |                    |                 |                       |                 |                  |                    |                 |
| 10                               | 1.00        | 20,938                | 0                | 20,939             | 41,877          | 1.00                  | 20,902          | 0                | 20,903             | 41,805          |
| DP 10 - Shell Egg Increase       |             |                       |                  |                    |                 |                       |                 |                  |                    |                 |
| 05                               | 0.00        | 0                     | 0                | 7,000              | 7,000           | 0.00                  | 0               | 0                | 7,000              | 7,000           |
| <b>Total</b>                     | <b>1.00</b> | <b>\$20,938</b>       | <b>\$0</b>       | <b>\$27,939</b>    | <b>\$48,877</b> | <b>1.00</b>           | <b>\$20,902</b> | <b>\$0</b>       | <b>\$27,903</b>    | <b>\$48,805</b> |

| Program Proposed Budget |                         |                                |                           |                                |                                |                           |                                |                                 |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|---------------------------------|
| Budget Item             | Base Budget Fiscal 2002 | PL Base Adjustment Fiscal 2004 | New Proposals Fiscal 2004 | Total Exec. Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2005 | Total Exec. Budget Fiscal 2005 | Total Exec. Budget Fiscal 04-05 |
| FTE                     | 23.28                   | 0.00                           | 0.00                      | 23.28                          | 0.00                           | 0.00                      | 23.28                          | 23.28                           |
| Personal Services       | 907,277                 | 92,510                         | 0                         | 999,787                        | 91,216                         | 0                         | 998,493                        | 1,998,280                       |
| Operating Expenses      | 992,274                 | 112,356                        | 0                         | 1,104,630                      | 102,084                        | 0                         | 1,094,358                      | 2,198,988                       |
| Equipment               | 82,326                  | (68,326)                       | 0                         | 14,000                         | (68,326)                       | 0                         | 14,000                         | 28,000                          |
| <b>Total Costs</b>      | <b>\$1,981,877</b>      | <b>\$136,540</b>               | <b>\$0</b>                | <b>\$2,118,417</b>             | <b>\$124,974</b>               | <b>\$0</b>                | <b>\$2,106,851</b>             | <b>\$4,225,268</b>              |
| General Fund            | 14,204                  | (14,204)                       | 0                         | 0                              | (14,204)                       | 0                         | 0                              | 0                               |
| State/Other Special     | 1,875,111               | 178,276                        | 0                         | 2,053,387                      | 166,710                        | 0                         | 2,041,821                      | 4,095,208                       |
| Federal Special         | 92,562                  | (27,532)                       | 0                         | 65,030                         | (27,532)                       | 0                         | 65,030                         | 130,060                         |
| <b>Total Funds</b>      | <b>\$1,981,877</b>      | <b>\$136,540</b>               | <b>\$0</b>                | <b>\$2,118,417</b>             | <b>\$124,974</b>               | <b>\$0</b>                | <b>\$2,106,851</b>             | <b>\$4,225,268</b>              |

### Program Description

The Centralized Services Division is responsible for budgeting, accounting, payroll, personnel, legal services, purchasing, administrative, information technology, and general services functions for the department. The staff attorney in this division provides legal services to the department. The division also provides the overall management of the Milk Control Bureau. The Predator Control Program is administered by the Board of Livestock and the executive officer. The Livestock Crimestoppers' Commission and the Beef Research and Marketing Committee are administratively attached. The 57th Legislature moved the Board of Horse Racing to the Department of Livestock. This board and its staff report directly to the executive officer.

### Program Narrative

| Centralized Services Division<br>Major Budget Highlights |   |
|--|---|
| ○  | All general fund removed from this program in statewide adjustments |
| Major LFD Issues   |   |
| ○  | None  |

### Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

| Program Funding Table<br>Centralized Services Program |                     |                       |                     |                         |                     |                         |
|---|---------------------|-----------------------|---------------------|-------------------------|---------------------|-------------------------|
| Program Funding                                       | Base Fiscal 2002    | % of Base Fiscal 2002 | Budget Fiscal 2004  | % of Budget Fiscal 2004 | Budget Fiscal 2005  | % of Budget Fiscal 2005 |
| 01100 General Fund                                    | \$ 14,204           | 0.7%                  | \$ -                | -                       | \$ -                | -                       |
| 02029 Board Of Horse Racing                           | 176,392             | 8.9%                  | 201,262             | 9.5%                    | 201,390             | 9.6%                    |
| 02426 Lvstk Per Capita                                | 1,525,351           | 77.0%                 | 1,668,640           | 78.8%                   | 1,656,740           | 78.6%                   |
| 02817 Milk Control Bureau                             | 173,368             | 8.7%                  | 183,485             | 8.7%                    | 183,691             | 8.7%                    |
| 03209 Meat/Poultry Inspection Sp Rev                  | 65,030              | 3.3%                  | 65,030              | 3.1%                    | 65,030              | 3.1%                    |
| 03427 Brucellosis Mgmt Federal Funds                  | <u>27,532</u>       | <u>1.4%</u>           | <u>-</u>            | <u>-</u>                | <u>-</u>            | <u>-</u>                |
| Grand Total   | <u>\$ 1,981,877</u> | <u>100.0%</u>         | <u>\$ 2,118,417</u> | <u>100.0%</u>           | <u>\$ 2,106,851</u> | <u>100.0%</u>           |

The program is funded with state and federal special revenues. The Board of Horse Racing is funded entirely with board of horse racing state special revenue funding. Additional state special revenue is from the livestock per capita and milk control bureau state special revenue funds. Federal funds are from federal meat and poultry inspection funding.

| Present Law Adjustments                        |     |         |                  |                    |                  |                       |         |                  |                    |                  |
|--|-----|---------|------------------|--------------------|------------------|-----------------------|---------|------------------|--------------------|------------------|
| -----Fiscal 2004-----                          |     |         |                  |                    |                  | -----Fiscal 2005----- |         |                  |                    |                  |
|  | FTE | General | State<br>Special | Federal<br>Special | Total<br>Funds   | FTE                   | General | State<br>Special | Federal<br>Special | Total<br>Funds   |
| Personal Services                              |     |         |                  |                    | 123,491          |                       |         |                  |                    | 122,141          |
| Vacancy Savings                                |     |         |                  |                    | (41,231)         |                       |         |                  |                    | (41,175)         |
| Inflation/Deflation                            |     |         |                  |                    | 5,370            |                       |         |                  |                    | 5,633            |
| Fixed Costs                                    |     |         |                  |                    | 65,301           |                       |         |                  |                    | 54,068           |
| <b>Total Statewide Present Law Adjustments</b> |     |         |                  |                    | <b>\$152,931</b> |                       |         |                  |                    | <b>\$140,667</b> |
| DP 6 - Computer Server Replacements            |     |         |                  |                    |                  |                       |         |                  |                    |                  |
| 0.00   | 0   |         | 14,000           | 0                  | 14,000           | 0.00                  | 0       | 14,000           | 0                  | 14,000           |
| DP 11 - Board Per Diem                         |     |         |                  |                    |                  |                       |         |                  |                    |                  |
| 0.00   | 0   |         | 10,250           | 0                  | 10,250           | 0.00                  | 0       | 10,250           | 0                  | 10,250           |
| DP 12 - I. T. Minor Equipment and Software     |     |         |                  |                    |                  |                       |         |                  |                    |                  |
| 0.00   | 0   |         | (56,120)         | 0                  | (56,120)         | 0.00                  | 0       | (55,670)         | 0                  | (55,670)         |
| DP 13 - Out-of-State Travel                    |     |         |                  |                    |                  |                       |         |                  |                    |                  |
| 0.00   | 0   |         | 4,731            | 0                  | 4,731            | 0.00                  | 0       | 4,731            | 0                  | 4,731            |
| DP 18 - Board of Horse Racing Bldg. Rent       |     |         |                  |                    |                  |                       |         |                  |                    |                  |
| 0.00   | 0   |         | 6,311            | 0                  | 6,311            | 0.00                  | 0       | 6,435            | 0                  | 6,435            |
| DP 19 - Board of Horse Racing In-State Lodging |     |         |                  |                    |                  |                       |         |                  |                    |                  |
| 0.00   | 0   |         | 4,437            | 0                  | 4,437            | 0.00                  | 0       | 4,561            | 0                  | 4,561            |
| <b>Total Other Present Law Adjustments</b>     |     |         |                  |                    |                  |                       |         |                  |                    |                  |
| 0.00   | \$0 |         | (\$16,391)       | \$0                | (\$16,391)       | 0.00                  | \$0     | (\$15,693)       | \$0                | (\$15,693)       |
| <b>Grand Total All Present Law Adjustments</b> |     |         |                  |                    | <b>\$136,540</b> |                       |         |                  |                    | <b>\$124,974</b> |

### Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 6 - Computer Server Replacements - The executive requests \$14,000 in state special revenue authority to replace one server in each year of the biennium, in accordance with the department's four-year replacement plan. The department has four servers, and the four-year plan requires replacement of one server each year. This decision package is part of an overall reduction in computer expenditures, which is presented in DP 12.

DP 11 - Board Per Diem - The executive requests \$10,250 in state special revenue authority each year of the biennium to fund zero-based per diem costs for the Board of Livestock, the Board of Horse Racing, and the Milk Control Board. Per diem for the Board of Livestock and the Milk Control Board is carried over at the base year level, while per diem for the Board of Horse Racing is based on the projected number of meetings (six, versus two in the base year).

DP 12 - I. T. Minor Equipment and Software - The executive proposes a reduction of approximately \$56,000 in state special revenue authority in each year of the biennium to adjust for projected computer equipment purchases. Reasons given by the department for the decrease include reductions in the price of hardware, reductions in the amount of hardware necessary in the department, and removing one-time-only start up costs related to the Diagnostic Laboratory's Lab Information Management System.

DP 13 - Out-of-State Travel - The executive requests \$4,731 state special revenue authority in each year of the biennium to adjust base year travel expenditures to a level based on projected attendance at out-of-state industry meetings. Total projected travel expenditures are approximately \$13,000 each year.

DP 18 - Board of Horse Racing Bldg. Rent – The executive requests approximately \$6,000 in state special revenue authority each year to accommodate increased rental charges due to the Board of Horse Racing's relocation to the old Federal Building. Funding is entirely from the board of horse racing state special revenue fund.

DP 19 - Board of Horse Racing In-State Lodging - The executive requests an additional \$2,484 state special revenue authority in each year of the biennium for increased lodging costs for the Board of Horse Racing.

| Program Proposed Budget |                               |                                      |                                 |                                      |                                      |                                 |                                      |                                       |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------------|
| Budget Item             | Base<br>Budget<br>Fiscal 2002 | PL Base<br>Adjustment<br>Fiscal 2004 | New<br>Proposals<br>Fiscal 2004 | Total<br>Exec. Budget<br>Fiscal 2004 | PL Base<br>Adjustment<br>Fiscal 2005 | New<br>Proposals<br>Fiscal 2005 | Total<br>Exec. Budget<br>Fiscal 2005 | Total<br>Exec. Budget<br>Fiscal 04-05 |
| FTE                     | 21.00                         | 0.00                                 | 0.00                            | 21.00                                | 0.00                                 | 0.00                            | 21.00                                | 21.00                                 |
| Personal Services       | 872,496                       | 73,539                               | 0                               | 946,035                              | 73,341                               | 0                               | 945,837                              | 1,891,872                             |
| Operating Expenses      | 441,829                       | 178                                  | 0                               | 442,007                              | 7,573                                | 0                               | 449,402                              | 891,409                               |
| Equipment               | 19,239                        | 42,261                               | 0                               | 61,500                               | 17,661                               | 0                               | 36,900                               | 98,400                                |
| <b>Total Costs</b>      | <b>\$1,333,564</b>            | <b>\$115,978</b>                     | <b>\$0</b>                      | <b>\$1,449,542</b>                   | <b>\$98,575</b>                      | <b>\$0</b>                      | <b>\$1,432,139</b>                   | <b>\$2,881,681</b>                    |
| General Fund            | 109,381                       | (9,856)                              | 0                               | 99,525                               | (9,856)                              | 0                               | 99,525                               | 199,050                               |
| State/Other Special     | 1,214,943                     | 135,074                              | 0                               | 1,350,017                            | 117,671                              | 0                               | 1,332,614                            | 2,682,631                             |
| Federal Special         | 9,240                         | (9,240)                              | 0                               | 0                                    | (9,240)                              | 0                               | 0                                    | 0                                     |
| <b>Total Funds</b>      | <b>\$1,333,564</b>            | <b>\$115,978</b>                     | <b>\$0</b>                      | <b>\$1,449,542</b>                   | <b>\$98,575</b>                      | <b>\$0</b>                      | <b>\$1,432,139</b>                   | <b>\$2,881,681</b>                    |

### Program Description

The Diagnostic Laboratory provides livestock laboratory diagnostic support for the Disease Control Program, Milk and Egg Program, and livestock producers. Testing is done for zoonotic diseases (those animal diseases which can be transferred to humans) and on dairy products to protect the health of Montana citizens. Laboratory testing services are conducted upon request to assist animal owners, veterinarians, the Department of Fish, Wildlife and Parks, and other agencies in protecting the health of animals and wildlife.

### Program Narrative

| Diagnostic Laboratory<br>Major Budget Highlights |   |
|--|---|
| ○  | The executive proposes to raise fees charged by the laboratory to accommodate reduced general fund within the division and make the laboratory more self-supporting |
| Major LFD Issues                                 |   |
| ○  | None  |

### Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

| Program Funding Table<br>Diagnostic Laboratory |                     |                          |                       |                            |                       |                            |
|--|---------------------|--------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| Program Funding                                | Base<br>Fiscal 2002 | % of Base<br>Fiscal 2002 | Budget<br>Fiscal 2004 | % of Budget<br>Fiscal 2004 | Budget<br>Fiscal 2005 | % of Budget<br>Fiscal 2005 |
| 01100 General Fund                             | \$ 109,381          | 8.2%                     | \$ 99,525             | 6.9%                       | \$ 99,525             | 6.9%                       |
| 02426 Lvstk Per Capita                         | 800,862             | 60.1%                    | 196,650               | 13.6%                      | 178,953               | 12.5%                      |
| 02427 Animal Health                            | 414,081             | 31.1%                    | 1,153,367             | 79.6%                      | 1,153,661             | 80.6%                      |
| 03427 Brucellosis Mgmt Federal Funds           | 9,240               | 0.7%                     | -                     | -                          | -                     | -                          |
| Grand Total                                    | \$ 1,333,564        | 100.0%                   | \$ 1,449,542          | 100.0%                     | \$ 1,432,139          | 100.0%                     |

The Diagnostic Laboratory Program is funded with a combination of general fund (7 percent), and state special revenue (livestock per capita - 13 percent; animal health - 80 percent).

| Present Law Adjustments                        |      |           |                  |                    |                |                       |           |                  |                    |                |
|--|------|-----------|------------------|--------------------|----------------|-----------------------|-----------|------------------|--------------------|----------------|
| -----Fiscal 2004-----                          |      |           |                  |                    |                | -----Fiscal 2005----- |           |                  |                    |                |
|  | FTE  | General   | State<br>Special | Federal<br>Special | Total<br>Funds | FTE                   | General   | State<br>Special | Federal<br>Special | Total<br>Funds |
| Personal Services                              |      |           |                  |                    | 112,957        |                       |           |                  |                    | 112,748        |
| Vacancy Savings                                |      |           |                  |                    | (39,418)       |                       |           |                  |                    | (39,407)       |
| Inflation/Deflation                            |      |           |                  |                    | 2,774          |                       |           |                  |                    | 3,447          |
| Fixed Costs                                    |      |           |                  |                    | (64)           |                       |           |                  |                    | (64)           |
| Total Statewide Present Law Adjustments        |      |           |                  |                    | \$76,249       | \$76,724              |           |                  |                    |                |
| DP 4 - Lab Equipment and Operating Adjustments |      |           |                  |                    |                |                       |           |                  |                    |                |
|  | 0.00 | (9,856)   | 42,261           | 0                  | 32,405         | 0.00                  | (9,856)   | 17,661           | 0                  | 7,805          |
| DP 15 - Lab - MSU Facility Recharges           |      |           |                  |                    |                |                       |           |                  |                    |                |
|  | 0.00 | 0         | 7,324            | 0                  | 7,324          | 0.00                  | 0         | 14,046           | 0                  | 14,046         |
| Total Other Present Law Adjustments            |      |           |                  |                    |                |                       |           |                  |                    |                |
|  | 0.00 | (\$9,856) | \$49,585         | \$0                | \$39,729       | 0.00                  | (\$9,856) | \$31,707         | \$0                | \$21,851       |
| Grand Total All Present Law Adjustments        |      |           |                  |                    | \$115,978      | \$98,575              |           |                  |                    |                |

### Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 4 - Lab Equipment and Operating Adjustments -** The executive requests an increase in state special revenue authority and a decrease in general fund in each year of the biennium for the following adjustments:

- Repair or replacement of lab equipment, including air conditioner, walk-in cooler, somatic cell counter, cryoscope, tissue imbedding center, and two carbon dioxide incubators. (\$51,501 - fiscal 2004; \$26,901 - fiscal 2005)
- Removal of one-time-only office equipment expenditures in the base year (\$9,204 reduction each year)
- The continuation of operating reductions made during the August 2002 special session (\$9,856 general fund reduction each year)

### LFD ISSUE

The diagnostic laboratory has historically received general fund support for its role in providing testing for diseases affecting public health and safety, including rabies, chronic wasting disease, plague, tularemia, and other zoonotic diseases. The department states the reduction in general fund will be replaced with state special revenue from fee increases. Additionally, the laboratory's reliance on fee revenue will be increased significantly from base year expenditures, to help the department accommodate decreased revenues into the livestock per capita account. Figure 1 shows the allocation of funding sources in the base, adjusted base, and 2005 biennium request.

**Figure 1**  
Diagnostic Laboratory  
Funding Source Comparison

| Funding Source                       | A/E   | Fiscal Year        |                    |                    |                    |
|--------------------------------------|-------|--------------------|--------------------|--------------------|--------------------|
|                                      |       | 2000<br>Base       | 2002<br>Adj. Base  | 2004<br>Request    | 2005<br>Request    |
| General Fund                         | 01100 | \$109,381          | \$109,381          | \$99,525           | \$99,525           |
| Livestock Per Capita                 | 02426 | 800,862            | 191,065            | 196,650            | 178,953            |
| Animal Health                        | 02427 | 414,081            | 1,109,367          | 1,153,367          | 1,153,661          |
| Brucellosis Management Federal Funds | 03427 | 9,240              | -                  | -                  | -                  |
| <b>Total Expenditures</b>            |       | <b>\$1,333,564</b> | <b>\$1,409,813</b> | <b>\$1,449,542</b> | <b>\$1,432,139</b> |

As Figure 1 shows, the 2005 biennium request funds a significant portion of laboratory expenditures with free revenue in the animal health account, as opposed to other state special revenue sources. Revenue projections for the

**LFD  
ISSUE**

animal health account, as presented in the Executive Budget, show a projected increase of 96 percent over fiscal 2002 collections. However, the fee structure has not been updated. As of December 2, 2002, members of the Board of Livestock were analyzing the current fee structure to provide recommendations for fee adjustments. The legislature may wish to ask the department for an update on the laboratory's fee structure. At that time, the legislature may wish to reduce the general fund further, based on projected state special revenue increases attributed to the recommended fee adjustments.

Options:

- Accept the executive proposal
- Reduce general fund based on revised state special revenue estimates

DP 15 - Lab - MSU Facility Recharges - The executive requests additional state special revenue authority to accommodate increased facility use recharges paid to Montana State University. Funding is from the livestock per capita fund.



| Program Proposed Budget |                               |                                      |                                 |                                      |                                      |                                 |                                      |                                       |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------------|
| Budget Item             | Base<br>Budget<br>Fiscal 2002 | PL Base<br>Adjustment<br>Fiscal 2004 | New<br>Proposals<br>Fiscal 2004 | Total<br>Exec. Budget<br>Fiscal 2004 | PL Base<br>Adjustment<br>Fiscal 2005 | New<br>Proposals<br>Fiscal 2005 | Total<br>Exec. Budget<br>Fiscal 2005 | Total<br>Exec. Budget<br>Fiscal 04-05 |
| FTE                     | 13.00                         | 5.00                                 | 0.00                            | 18.00                                | 5.00                                 | 0.00                            | 18.00                                | 18.00                                 |
| Personal Services       | 462,131                       | 285,309                              | 0                               | 747,440                              | 284,078                              | 0                               | 746,209                              | 1,493,649                             |
| Operating Expenses      | 109,535                       | 772,490                              | 0                               | 882,025                              | 773,740                              | 0                               | 883,275                              | 1,765,300                             |
| Equipment               | 24,251                        | 76,749                               | 0                               | 101,000                              | 50,749                               | 0                               | 75,000                               | 176,000                               |
| Benefits & Claims       | 0                             | 0                                    | 0                               | 0                                    | 0                                    | 0                               | 0                                    | 0                                     |
| <b>Total Costs</b>      | <b>\$595,917</b>              | <b>\$1,134,548</b>                   | <b>\$0</b>                      | <b>\$1,730,465</b>                   | <b>\$1,108,567</b>                   | <b>\$0</b>                      | <b>\$1,704,484</b>                   | <b>\$3,434,949</b>                    |
| State/Other Special     | 595,917                       | 84,548                               | 0                               | 680,465                              | 58,567                               | 0                               | 654,484                              | 1,334,949                             |
| Federal Special         | 0                             | 1,050,000                            | 0                               | 1,050,000                            | 1,050,000                            | 0                               | 1,050,000                            | 2,100,000                             |
| <b>Total Funds</b>      | <b>\$595,917</b>              | <b>\$1,134,548</b>                   | <b>\$0</b>                      | <b>\$1,730,465</b>                   | <b>\$1,108,567</b>                   | <b>\$0</b>                      | <b>\$1,704,484</b>                   | <b>\$3,434,949</b>                    |

### Program Description

The Animal Health Program provides diagnosis, prevention, control, and eradication of animal diseases, including those in bison and game farm animals. The program cooperates with the departments of Public Health and Human Services, Fish, Wildlife, and Parks, and Agriculture to protect human health from animal diseases transmissible to humans. Sanitary standards are supervised for animal concentration points, such as auction markets, and certain animal product processing facilities, such as rendering plants. The Rabies Control Unit protects public health from rabies by controlling the transmission of domestic animal and wildlife rabies, particularly through eradication of skunks.

### Program Narrative

| <b>Animal Health Program</b>   |  |
|--------------------------------|--|
| <b>Major Budget Highlights</b> |  |
| ○                              | The executive continues the department's participation in the state-federal cooperative agreement for Brucellosis Management and the Greater Yellowstone Interagency Brucellosis Committee (GYIBC) |
| <b>Major LFD Issues</b>        |  |
| ○                              | None   |

### Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

| <b>Program Funding Table</b>         |                     |                          |                       |                            |                       |                            |
|--------------------------------------|---------------------|--------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| <b>Animal Health Division</b>        |                     |                          |                       |                            |                       |                            |
| Program Funding                      | Base<br>Fiscal 2002 | % of Base<br>Fiscal 2002 | Budget<br>Fiscal 2004 | % of Budget<br>Fiscal 2004 | Budget<br>Fiscal 2005 | % of Budget<br>Fiscal 2005 |
| 02426 Lvstk Per Capita               | \$ 580,825          | 97.5%                    | \$ 665,373            | 38.5%                      | \$ 639,392            | 37.5%                      |
| 02427 Animal Health                  | 15,092              | 2.5%                     | 15,092                | 0.9%                       | 15,092                | 0.9%                       |
| 03427 Brucellosis Mgmt Federal Funds | -                   | -                        | 1,050,000             | 60.7%                      | 1,050,000             | 61.6%                      |
| 03673 Bluetongue/Fad                 | -                   | -                        | -                     | -                          | -                     | -                          |
| 03797 Usda Homeland Security         | -                   | -                        | -                     | -                          | -                     | -                          |
| <b>Grand Total</b>                   | <b>\$ 595,917</b>   | <b>100.0%</b>            | <b>\$ 1,730,465</b>   | <b>100.0%</b>              | <b>\$ 1,704,484</b>   | <b>100.0%</b>              |

The Animal Health program is funded with state (livestock per capita - 38 percent; animal health - 1 percent) and federal special revenue (brucellosis management federal funds - 61 percent).

| Present Law Adjustments                        |             |            |                 |                  |                    |             |            |                   |                  |                    |
|--|-------------|------------|-----------------|------------------|--------------------|-------------|------------|-------------------|------------------|--------------------|
| Fiscal 2004                                    |             |            |                 |                  |                    | Fiscal 2005 |            |                   |                  |                    |
|  | FTE         | General    | State Special   | Federal Special  | Total Funds        | FTE         | General    | State Special     | Federal Special  | Total Funds        |
| Personal Services                              |             |            |                 |                  | 151,740            |             |            |                   |                  | 150,805            |
| Vacancy Savings                                |             |            |                 |                  | (24,554)           |             |            |                   |                  | (24,517)           |
| Inflation/Deflation                            |             |            |                 |                  | 2,147              |             |            |                   |                  | 2,939              |
| Fixed Costs                                    |             |            |                 |                  | 0                  |             |            |                   |                  | 0                  |
| <b>Total Statewide Present Law Adjustments</b> |             |            |                 |                  | <b>\$129,333</b>   |             |            |                   |                  | <b>\$129,227</b>   |
| DP 1 - Restore OTO Brucellosis Management      | 5.00        | 0          | 0               | 994,871          | 994,871            | 5.00        | 0          | 0                 | 994,996          | 994,996            |
| DP 3 - Restore OTO for Disease Outbreak        | 0.00        | 0          | 5,000           | 0                | 5,000              | 0.00        | 0          | 5,000             | 0                | 5,000              |
| DP 8 - Vehicle Replacement                     | 0.00        | 0          | 1,749           | 0                | 1,749              | 0.00        | 0          | (24,251)          | 0                | (24,251)           |
| DP 20 - Out-of-State Travel                    | 0.00        | 0          | 3,595           | 0                | 3,595              | 0.00        | 0          | 3,595             | 0                | 3,595              |
| <b>Total Other Present Law Adjustments</b>     | <b>5.00</b> | <b>\$0</b> | <b>\$10,344</b> | <b>\$994,871</b> | <b>\$1,005,215</b> | <b>5.00</b> | <b>\$0</b> | <b>(\$15,656)</b> | <b>\$994,996</b> | <b>\$979,340</b>   |
| <b>Grand Total All Present Law Adjustments</b> |             |            |                 |                  | <b>\$1,134,548</b> |             |            |                   |                  | <b>\$1,108,567</b> |

### Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Restore OTO Brucellosis Management - The executive requests the federal authority necessary to continue the Operations Cooperative Agreement between the Department of Livestock and the U.S. Department of Agriculture (\$750,000 each year) and department participation in the GYIBC (\$300,000 each year). This funding was designated as one-time-only for the 2003 biennium and does not show in base year expenditures. Therefore, the entire amount is being requested as a present law adjustment.

#### LFD ISSUE

The 2001 legislature designated funding for the cooperative agreement and the GYIBC as one-time-only to effect reevaluation by the 2003 legislature. Therefore, this funding should have been requested and justified as a new proposal. Additionally, the legislature may wish to ask the department for an update on activities related to the cooperative agreement and participation in the GYIBC.

DP 3 - Restore OTO for Disease Outbreak - The executive requests \$5,000 in state special revenue each year of the biennium to provide the department with the flexibility to respond immediately to outbreaks of serious diseases, including, but not limited to, brucellosis, chronic wasting disease, or anthrax. The 2001 legislature authorized approximately \$178,000 each year for this purpose, as one-time-only. Therefore, expenditures do not carry over into the base.

**LFD  
ISSUE**

The 2001 legislature designated funding for brucellosis or other disease outbreak as one-time-only, to ensure any expenditures spent for such a purpose would not carry over into the base. Therefore, this funding should have been requested and justified as a new proposal.

DP 8 - Vehicle Replacement - The executive proposes to replace one vehicle within the division in fiscal 2004. When applied to expenditures already in the base, this results in an increase of \$1,749 in fiscal 2004 and a reduction of \$24,251 in fiscal 2005. Adjustments are made entirely to the livestock per capita state special revenue fund.

DP 20 - Out-of-State Travel - The executive requests an increase in state special revenue authority of approximately \$4,000 each year to adjust base year expenditures to accommodate anticipated out-of-state travel for members of the division.

| Program Proposed Budget |                         |                                |                           |                                |                                |                           |                                |                                 |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|---------------------------------|
| Budget Item             | Base Budget Fiscal 2002 | PL Base Adjustment Fiscal 2004 | New Proposals Fiscal 2004 | Total Exec. Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2005 | Total Exec. Budget Fiscal 2005 | Total Exec. Budget Fiscal 04-05 |
| FTE                     | 4.00                    | 0.00                           | 0.00                      | 4.00                           | 0.00                           | 0.00                      | 4.00                           | 4.00                            |
| Personal Services       | 222,070                 | (16,733)                       | 0                         | 205,337                        | (16,326)                       | 0                         | 205,744                        | 411,081                         |
| Operating Expenses      | 26,313                  | 3,788                          | 7,000                     | 37,101                         | 4,158                          | 7,000                     | 37,471                         | 74,572                          |
| Equipment               | 19,917                  | (19,917)                       | 0                         | 0                              | 6,083                          | 0                         | 26,000                         | 26,000                          |
| <b>Total Costs</b>      | <b>\$268,300</b>        | <b>(\$32,862)</b>              | <b>\$7,000</b>            | <b>\$242,438</b>               | <b>(\$6,085)</b>               | <b>\$7,000</b>            | <b>\$269,215</b>               | <b>\$511,653</b>                |
| State/Other Special     | 243,025                 | (32,862)                       | 0                         | 210,163                        | (6,085)                        | 0                         | 236,940                        | 447,103                         |
| Federal Special         | 25,275                  | 0                              | 7,000                     | 32,275                         | 0                              | 7,000                     | 32,275                         | 64,550                          |
| <b>Total Funds</b>      | <b>\$268,300</b>        | <b>(\$32,862)</b>              | <b>\$7,000</b>            | <b>\$242,438</b>               | <b>(\$6,085)</b>               | <b>\$7,000</b>            | <b>\$269,215</b>               | <b>\$511,653</b>                |

### Program Description

The Milk and Egg Inspection Program ensures that eggs, milk, and milk products sold or manufactured in Montana are fit for human consumption. Enforcement of state and federal laws is accomplished through licensing, sampling, laboratory testing, and product and site inspections, done in cooperation with other state and federal agencies.

### Program Narrative

| Milk and Egg Program<br>Major Budget Highlights |  |
|---|--|
| ○   | No major changes to historical or current operations |
| Major LFD Issues                                |  |
| ○   | None   |

### Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

| Program Funding Table<br>Milk & Egg Program |                   |                       |                    |                         |                    |                         |
|---|-------------------|-----------------------|--------------------|-------------------------|--------------------|-------------------------|
| Program Funding                             | Base Fiscal 2002  | % of Base Fiscal 2002 | Budget Fiscal 2004 | % of Budget Fiscal 2004 | Budget Fiscal 2005 | % of Budget Fiscal 2005 |
| 02426 Lvstk Per Capita                      | \$ -              | -                     | \$ -               | -                       | \$ -               | -                       |
| 02427 Animal Health                         | 243,025           | 90.6%                 | 210,163            | 86.7%                   | 236,940            | 88.0%                   |
| 03032 Animal Health Sp. Rev                 | 25,275            | 9.4%                  | 32,275             | 13.3%                   | 32,275             | 12.0%                   |
| Grand Total                                 | <u>\$ 268,300</u> | <u>100.0%</u>         | <u>\$ 242,438</u>  | <u>100.0%</u>           | <u>\$ 269,215</u>  | <u>100.0%</u>           |

The Milk and Egg Program is funded with a mixture of state and federal special revenues. State special revenues are derived from a portion of the 14.97 cents per hundred-weight tax (CWT) on Class I milk sold by producers in Montana. Federal funds are provided by the US Department of Agriculture to conduct shell egg surveillance.

| Present Law Adjustments                               |      |         |                  |                    |                |                       |         |                  |                    |                |
|---|------|---------|------------------|--------------------|----------------|-----------------------|---------|------------------|--------------------|----------------|
| -----Fiscal 2004-----                                 |      |         |                  |                    |                | -----Fiscal 2005----- |         |                  |                    |                |
|   | FTE  | General | State<br>Special | Federal<br>Special | Total<br>Funds | FTE                   | General | State<br>Special | Federal<br>Special | Total<br>Funds |
| Personal Services                                     |      |         |                  |                    | (8,177)        |                       |         |                  |                    | (7,754)        |
| Vacancy Savings                                       |      |         |                  |                    | (8,556)        |                       |         |                  |                    | (8,572)        |
| Inflation/Deflation                                   |      |         |                  |                    | 818            |                       |         |                  |                    | 1,188          |
| Total Statewide Present Law Adjustments               |      |         |                  |                    | (\$15,915)     | (\$15,138)            |         |                  |                    |                |
| DP 9 - Vehicle Replacement - Milk and Egg Inspection  |      |         |                  |                    |                |                       |         |                  |                    |                |
|   | 0.00 | 0       | (19,917)         | 0                  | (19,917)       | 0.00                  | 0       | 6,083            | 0                  | 6,083          |
| DP 21 - Out-of-State Travel for Milk & Egg Inspection |      |         |                  |                    |                |                       |         |                  |                    |                |
|   | 0.00 | 0       | 2,970            | 0                  | 2,970          | 0.00                  | 0       | 2,970            | 0                  | 2,970          |
| Total Other Present Law Adjustments                   |      |         |                  |                    |                |                       |         |                  |                    |                |
|   | 0.00 | \$0     | (\$16,947)       | \$0                | (\$16,947)     | 0.00                  | \$0     | \$9,053          | \$0                | \$9,053        |
| Grand Total All Present Law Adjustments               |      |         |                  |                    | (\$32,862)     | (\$6,085)             |         |                  |                    |                |

### Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 9 - Vehicle Replacement - Milk and Egg Inspection - The executive proposes to replace one vehicle assigned to the Milk and Egg Inspection Bureau in fiscal 2005. This results in a reduction to state special revenue authority of \$19,917 in fiscal 2004, and an increase of \$6,083 in fiscal 2005.

DP 21 - Out-of-State Travel for Milk & Egg Inspection - The executive requests \$7,000 in state special revenue authority in each year of the biennium for out-of-state travel for three of four sanitarians assigned to the Milk and Egg Bureau.

| New Proposals              |             |            |                  |                    |                |                       |            |                  |                    |                |
|----------------------------|-------------|------------|------------------|--------------------|----------------|-----------------------|------------|------------------|--------------------|----------------|
| -----Fiscal 2004-----      |             |            |                  |                    |                | -----Fiscal 2005----- |            |                  |                    |                |
| Program                    | FTE         | General    | State<br>Special | Federal<br>Special | Total<br>Funds | FTE                   | General    | State<br>Special | Federal<br>Special | Total<br>Funds |
| DP 10 - Shell Egg Increase |             |            |                  |                    |                |                       |            |                  |                    |                |
| 05                         | 0.00        | 0          | 0                | 7,000              | 7,000          | 0.00                  | 0          | 0                | 7,000              | 7,000          |
| <b>Total</b>               | <b>0.00</b> | <b>\$0</b> | <b>\$0</b>       | <b>\$7,000</b>     | <b>\$7,000</b> | <b>0.00</b>           | <b>\$0</b> | <b>\$0</b>       | <b>\$7,000</b>     | <b>\$7,000</b> |

### New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 10 - Shell Egg Increase - The executive requests additional federal special revenue authority of \$7,000 each year to accommodate additional funding to participate in a Hazard Analysis of Critical Control Points.

| Program Proposed Budget |                               |                                      |                                 |                                      |                                      |                                 |                                      |                                       |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------------|
| Budget Item             | Base<br>Budget<br>Fiscal 2002 | PL Base<br>Adjustment<br>Fiscal 2004 | New<br>Proposals<br>Fiscal 2004 | Total<br>Exec. Budget<br>Fiscal 2004 | PL Base<br>Adjustment<br>Fiscal 2005 | New<br>Proposals<br>Fiscal 2005 | Total<br>Exec. Budget<br>Fiscal 2005 | Total<br>Exec. Budget<br>Fiscal 04-05 |
| FTE                     | 61.71                         | 0.00                                 | 0.00                            | 61.71                                | 0.00                                 | 0.00                            | 61.71                                | 61.71                                 |
| Personal Services       | 2,254,715                     | 97,259                               | 0                               | 2,351,974                            | 98,833                               | 0                               | 2,353,548                            | 4,705,522                             |
| Operating Expenses      | 305,437                       | 12,466                               | 0                               | 317,903                              | 15,272                               | 0                               | 320,709                              | 638,612                               |
| Equipment               | 131,675                       | 2,806                                | 0                               | 134,481                              | (49,194)                             | 0                               | 82,481                               | 216,962                               |
| <b>Total Costs</b>      | <b>\$2,691,827</b>            | <b>\$112,531</b>                     | <b>\$0</b>                      | <b>\$2,804,358</b>                   | <b>\$64,911</b>                      | <b>\$0</b>                      | <b>\$2,756,738</b>                   | <b>\$5,561,096</b>                    |
| State/Other Special     | 2,691,827                     | 112,531                              | 0                               | 2,804,358                            | 64,911                               | 0                               | 2,756,738                            | 5,561,096                             |
| Federal Special         | 0                             | 0                                    | 0                               | 0                                    | 0                                    | 0                               | 0                                    | 0                                     |
| <b>Total Funds</b>      | <b>\$2,691,827</b>            | <b>\$112,531</b>                     | <b>\$0</b>                      | <b>\$2,804,358</b>                   | <b>\$64,911</b>                      | <b>\$0</b>                      | <b>\$2,756,738</b>                   | <b>\$5,561,096</b>                    |

### Program Description

The Brands Enforcement Division is responsible for livestock theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of security interests on livestock, livestock auction licensing, livestock dealer licensing, hide inspections, and beef inspections.

### Program Narrative

| Brands Enforcement Division<br>Major Budget Highlights |  |
|--|--|
| ○  | No major changes to historical or current operations |
| Major LFD Issues                                       |  |
| ○  | None   |

### Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

| Program Funding Table<br>Brands Enforcement Division |                     |                          |                       |                            |                       |                            |
|--|---------------------|--------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| Program Funding                                      | Base<br>Fiscal 2002 | % of Base<br>Fiscal 2002 | Budget<br>Fiscal 2004 | % of Budget<br>Fiscal 2004 | Budget<br>Fiscal 2005 | % of Budget<br>Fiscal 2005 |
| 02425 Inspection And Control                         | \$ 2,090,550        | 77.7%                    | \$ 2,028,224          | 72.3%                      | \$ 2,028,224          | 73.6%                      |
| 02426 Lvstk Per Capita                               | 601,277             | 22.3%                    | 776,134               | 27.7%                      | 728,514               | 26.4%                      |
| 03427 Brucellosis Mgmt Federal Funds                 | -                   | -                        | -                     | -                          | -                     | -                          |
| Grand Total  | <u>\$ 2,691,827</u> | <u>100.0%</u>            | <u>\$ 2,804,358</u>   | <u>100.0%</u>              | <u>\$ 2,756,738</u>   | <u>100.0%</u>              |

The Brands Enforcement Division is funded entirely with state special revenues from the inspection and control and livestock per capita state special revenue funds.

| Present Law Adjustments                        |         |                  |                    |                  |                       |         |                  |                    |                 |
|--|---------|------------------|--------------------|------------------|-----------------------|---------|------------------|--------------------|-----------------|
| -----Fiscal 2004-----                          |         |                  |                    |                  | -----Fiscal 2005----- |         |                  |                    |                 |
| FTE  | General | State<br>Special | Federal<br>Special | Total<br>Funds   | FTE                   | General | State<br>Special | Federal<br>Special | Total<br>Funds  |
| Personal Services                              |         |                  |                    | 87,960           |                       |         |                  |                    | 89,602          |
| Vacancy Savings                                |         |                  |                    | (93,708)         |                       |         |                  |                    | (93,776)        |
| Inflation/Deflation                            |         |                  |                    | 10,170           |                       |         |                  |                    | 12,976          |
| Fixed Costs                                    |         |                  |                    | 0                |                       |         |                  |                    | 0               |
| <b>Total Statewide Present Law Adjustments</b> |         |                  |                    | <b>\$4,422</b>   |                       |         |                  |                    | <b>\$8,802</b>  |
| DP 7 - Brands Enforcement Replacement Vehicles |         |                  |                    |                  |                       |         |                  |                    |                 |
| 0.00   | 0       | 2,806            | 0                  | 2,806            | 0.00                  | 0       | (49,194)         | 0                  | (49,194)        |
| DP 22 - Out-of-State Travel - Brands           |         |                  |                    |                  |                       |         |                  |                    |                 |
| 0.00   | 0       | 2,296            | 0                  | 2,296            | 0.00                  | 0       | 2,296            | 0                  | 2,296           |
| DP 23 - Overtime - Brands Division             |         |                  |                    |                  |                       |         |                  |                    |                 |
| 0.00   | 0       | 103,007          | 0                  | 103,007          | 0.00                  | 0       | 103,007          | 0                  | 103,007         |
| <b>Total Other Present Law Adjustments</b>     |         |                  |                    |                  |                       |         |                  |                    |                 |
| 0.00   | \$0     | \$108,109        | \$0                | \$108,109        | 0.00                  | \$0     | \$56,109         | \$0                | \$56,109        |
| <b>Grand Total All Present Law Adjustments</b> |         |                  |                    | <b>\$112,531</b> |                       |         |                  |                    | <b>\$64,911</b> |

### Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 7 - Brands Enforcement Replacement Vehicles - The executive proposes to replace five trucks in fiscal 2004 and three trucks in fiscal 2005. When applied to base expenditures, this results in a requested increase of \$2,806 in fiscal 2004 and a decrease of \$49,194 in fiscal 2005. Adjustments are made entirely to the inspection and control state special revenue fund.

DP 22 - Out-of-State Travel - Brands - The executive requests additional state special revenue authority to adjust base expenditures for anticipated out-of-state travel by Brands Enforcement Division personnel. The requested increase of \$2,296 each year is from the inspection and control state special revenue fund.

DP 23 - Overtime - Brands Division - The executive requests approximately \$103,007 in state special revenue authority in each year of the biennium to continue overtime funding for 46 brand inspectors.

#### LFD COMMENT

Overtime is a zero-based expenditure item, and does not carry forward into the adjusted base. The requested amount of \$103,007 is equal to the fiscal 2002 expenditure level.

| Program Proposed Budget |                         |                                |                           |                                |                                |                           |                                |                                 |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|---------------------------------|
| Budget Item             | Base Budget Fiscal 2002 | PL Base Adjustment Fiscal 2004 | New Proposals Fiscal 2004 | Total Exec. Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2005 | Total Exec. Budget Fiscal 2005 | Total Exec. Budget Fiscal 04-05 |
| FTE                     | 16.50                   | 0.00                           | 1.00                      | 17.50                          | 0.00                           | 1.00                      | 17.50                          | 17.50                           |
| Personal Services       | 603,165                 | 21,816                         | 33,817                    | 658,798                        | 22,814                         | 33,745                    | 659,724                        | 1,318,522                       |
| Operating Expenses      | 194,526                 | 2,252                          | 8,060                     | 204,838                        | 8,352                          | 8,060                     | 210,938                        | 415,776                         |
| <b>Total Costs</b>      | <b>\$797,691</b>        | <b>\$24,068</b>                | <b>\$41,877</b>           | <b>\$863,636</b>               | <b>\$31,166</b>                | <b>\$41,805</b>           | <b>\$870,662</b>               | <b>\$1,734,298</b>              |
| General Fund            | 398,104                 | 9,538                          | 20,938                    | 428,580                        | 13,087                         | 20,902                    | 432,093                        | 860,673                         |
| State/Other Special     | 1,791                   | 4,684                          | 0                         | 6,475                          | 4,684                          | 0                         | 6,475                          | 12,950                          |
| Federal Special         | 397,796                 | 9,846                          | 20,939                    | 428,581                        | 13,395                         | 20,903                    | 432,094                        | 860,675                         |
| <b>Total Funds</b>      | <b>\$797,691</b>        | <b>\$24,068</b>                | <b>\$41,877</b>           | <b>\$863,636</b>               | <b>\$31,166</b>                | <b>\$41,805</b>           | <b>\$870,662</b>               | <b>\$1,734,298</b>              |

### Program Description

The Meat and Poultry Inspection Program was established in 1987 by the Montana Meat and Poultry Inspection Act. It implements and enforces a meat and poultry inspection system equal to that maintained by the U.S. Department of Agriculture (USDA) and the Food Safety Inspection Service to assure clean, wholesome, and properly-labeled meat and poultry products for consumers.

### Program Narrative

| Meat and Poultry Inspection Program<br>Major Budget Highlights |  |
|--|--|
| ○  | The executive increases program funding by \$21,000 general fund and \$21,000 federal funds to add 1.00 FTE meat inspector |
| Major LFD Issues   |  |
| ○  | None   |

### Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

| Program Funding Table<br>Meat/Poultry Inspection |                   |                       |                    |                         |                    |                         |
|--|-------------------|-----------------------|--------------------|-------------------------|--------------------|-------------------------|
| Program Funding                                  | Base Fiscal 2002  | % of Base Fiscal 2002 | Budget Fiscal 2004 | % of Budget Fiscal 2004 | Budget Fiscal 2005 | % of Budget Fiscal 2005 |
| 01100 General Fund                               | \$ 398,104        | 49.9%                 | \$ 428,580         | 49.6%                   | \$ 432,093         | 49.6%                   |
| 02427 Animal Health                              | 1,791             | 0.2%                  | 6,475              | 0.7%                    | 6,475              | 0.7%                    |
| 03209 Meat/Poultry Inspection Sp Rev             | <u>397,796</u>    | <u>49.9%</u>          | <u>428,581</u>     | <u>49.6%</u>            | <u>432,094</u>     | <u>49.6%</u>            |
| Grand Total                                      | <u>\$ 797,691</u> | <u>100.0%</u>         | <u>\$ 863,636</u>  | <u>100.0%</u>           | <u>\$ 870,662</u>  | <u>100.0%</u>           |

The Meat and Poultry Inspection program is funded on a 50/50 split between federal funds and the required state match. Per cooperative agreement with the USDA, the state match cannot be provided through a fee on those being inspected by the program. Therefore, the state match for the program is provided by general fund. A small portion (less than 1 percent) of the program's funding comes from the animal health state special revenue account.



| Present Law Adjustments                 |     |         |                  |                    |                |                       |     |         |                  |                    |                |
|---|-----|---------|------------------|--------------------|----------------|-----------------------|-----|---------|------------------|--------------------|----------------|
| -----Fiscal 2004-----                   |     |         |                  |                    |                | -----Fiscal 2005----- |     |         |                  |                    |                |
|   | FTE | General | State<br>Special | Federal<br>Special | Total<br>Funds |                       | FTE | General | State<br>Special | Federal<br>Special | Total<br>Funds |
| Personal Services                       |     |         |                  |                    | 47,856         |                       |     |         |                  |                    | 48,896         |
| Vacancy Savings                         |     |         |                  |                    | (26,040)       |                       |     |         |                  |                    | (26,082)       |
| Inflation/Deflation                     |     |         |                  |                    | 2,252          |                       |     |         |                  |                    | 8,352          |
| Fixed Costs                             |     |         |                  |                    | 0              |                       |     |         |                  |                    | 0              |
| Total Statewide Present Law Adjustments |     |         |                  |                    | \$24,068       |                       |     |         |                  |                    | \$31,166       |
|   |     |         |                  |                    |                |                       |     |         |                  |                    |                |
| Grand Total All Present Law Adjustments |     |         |                  |                    | \$24,068       |                       |     |         |                  |                    | \$31,166       |

### Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

| New Proposals                    |             |                 |                  |                    |                 |                       |                 |                  |                    |                 |
|----------------------------------|-------------|-----------------|------------------|--------------------|-----------------|-----------------------|-----------------|------------------|--------------------|-----------------|
| -----Fiscal 2004-----            |             |                 |                  |                    |                 | -----Fiscal 2005----- |                 |                  |                    |                 |
| Program                          | FTE         | General         | State<br>Special | Federal<br>Special | Total<br>Funds  | FTE                   | General         | State<br>Special | Federal<br>Special | Total<br>Funds  |
| DP 5 - Additional Meat Inspector |             |                 |                  |                    |                 |                       |                 |                  |                    |                 |
| 10                               | 1.00        | 20,938          | 0                | 20,939             | 41,877          | 1.00                  | 20,902          | 0                | 20,903             | 41,805          |
| <b>Total</b>                     | <b>1.00</b> | <b>\$20,938</b> | <b>\$0</b>       | <b>\$20,939</b>    | <b>\$41,877</b> | <b>1.00</b>           | <b>\$20,902</b> | <b>\$0</b>       | <b>\$20,903</b>    | <b>\$41,805</b> |

### New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 5 - Additional Meat Inspector - The executive requests approximately \$42,000 each year, to be funded 50/50 with general fund and federal special revenue, to support the addition of a 1.00 FTE meat inspector to accommodate an increase of 20 new meat slaughter and/or processing plants within the state. This request funds the FTE, a leased vehicle, and operating costs.

#### LFD COMMENT

Inspection for 11 of the 20 new plants are ongoing. In fiscal 2002 and 2003, the department received a grant from Growth Through Agriculture to match additional funds received by the department to conduct these new inspections. The general fund grant was for \$3,555 in fiscal 2002 and \$17,721 in fiscal 2003. Inspections at the other nine facilities will commence when facility sanitation standards are met.